

UK COMPANY TAXATION

Financial year from 1 April	2021	2020
Corporation tax main rate	19%	19%
Loans to participators	32.5%	32.5%
Diverted profits tax	25%	25%

MAIN CAPITAL ALLOWANCES

■ Initial allowances

Annual investment allowance: on first £1m (excludes cars)*	100%
Super-deduction: qualifying plant and machinery	130%
First-year allowance: special-rate pool	50%
First-year allowance: including new and unused electric and zero-emission goods vehicles	100%

* Applies from 1 January 2019 to 31 December 2021, reverting to £200,000 from 1 January 2022. Transitional rules may apply for chargeable periods spanning these dates.

■ Writing down allowances

Plant and machinery main-rate expenditure	18%	
Plant and machinery special-rate expenditure	6%	
Cars	1g/km – 50g/km More than 50g/km	18% 6%
Structures and buildings allowance – straight line relief	3%	

VALUE ADDED TAX (VAT)

From 1 April 2021	Rate	VAT fraction
Standard rate	20%	1/6
Reduced rate	5%	1/21
Temporary reduced rate*	12.5%	1/9

* Applies in the hospitality and tourism sector from 1 October 2021 to 31 March 2022.

■ Taxable turnover limits

From 1 April 2021	2021	2020
Registration (last 12 months or next 30 days) over	£85,000	£85,000
Deregistration (next 12 months) under	£83,000	£83,000
Annual and cash accounting schemes turnover limit	£1.35m	£1.35m
Flat-rate scheme turnover limit	£150,000	£150,000

RESEARCH & DEVELOPMENT (R&D)

Revenue expenditure – SMEs	230%
Capital expenditure – all companies	100%
SME company R&D payable credit	14.5%
Large company R&D expenditure credit (RDEC)	13%

NATIONAL INSURANCE

■ Class 1

Weekly earnings	Employee rate	Weekly earnings	Employer rate
Up to £184	Nil*	Up to £170	Nil
Over £184 - £967	12%	Over £170 - £967	13.8%**
Over £967	2%	Over £967	13.8%
Over state pension age	0%	Over state pension age	13.8%

* Entitlement to contribution-based benefits are retained for earnings between £120 and £184 a week.

** 0% for staff under 21 and apprentices under 25 on earnings up to £967 a week

■ Class 1A

On relevant benefits, including car and fuel benefits	13.8%
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■ Class 2

Self-employed above small profits threshold	£3.05 a week
Small profits threshold	£6,515 a year

■ Class 3

Voluntary	£15.40 a week
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■ Class 4*

Self-employed on profits above £9,568 – £50,270	9%
Over £50,270	2%

* Exemption applies if the state retirement age is reached by 6 April 2021.

■ Employment Allowance

Per employer, per year	£4,000*
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* One claim only for companies in a group or under common control. Not available where the director is the only employee paid earnings above the secondary threshold for class 1 NICs. Limited to employers with an employer NICs bill below £100,000 in the previous tax year.

■ Apprenticeship Levy

A levy of 0.5% applies where the pay bill exceeds £3m. There is an allowance of £15,000. Further conditions apply, so please consult with us.

PROPERTY TAXES

The incremental rate of tax is only payable on the part of the property price within each band. An additional 3% rate (4% in Scotland) applies to the purchase of an additional residential property above £40,000 and all corporate residential properties.

■ England and Northern Ireland: Stamp duty land tax (from 1.10.21)

On the transfer of residential property*		On the transfer of non-residential property	
£0 - £125,000**	0%	£0 - £150,000	0%
Over £125,000 - £250,000	2%	Over £150,000 - £250,000	2%
Over £250,000 - £925,000	5%	Above £250,000	5%
Over £925,000 - £1.5m	10%		
Above £1.5m	12%		

* From 1 October 2021, first-time buyers pay nothing on the first £300,000 for properties up to £500,000. A 5% rate will also apply between £300,000 and £500,000.

** Until 30 June 2021, the nil-rate threshold is £500,000.

On 1 July 2021, the nil-rate threshold reduces to £250,000 until 30 September 2021.

For residential purchases by 'non-natural persons' over £500,000 a rate of 15% applies, subject to certain exclusions.

■ Scotland: Land and buildings transaction tax

On the transfer of residential property*		On the transfer of non-residential property	
£0 - £145,000	0%	£0 - £150,000	0%
Over £145,000 - £250,000	2%	Over £150,000 - £250,000	1%
Over £250,000 - £325,000	5%	Above £250,000	5%
Over £325,000 - £750,000	10%		
Above £750,000	12%		

* First-time buyers pay nothing on the first £175,000

■ Wales: Land transaction tax (from 1.7.21)

On the transfer of residential property		On the transfer of non-residential property	
£0 - £180,000*	0%	£0 - £225,000	0%
Over £180,000 - £250,000**	3.5%	Over £225,000 - £250,000	1%
Over £250,000 - £400,000	5%	Over £250,000 - £1m	5%
Over £400,000 - £750,000	7.5%	Above £1m	6%
Over £750,000 - £1.5m	10%		
Above £1.5m	12%		

* Until 30 June 2021, the nil-rate threshold is £250,000.

** Until 30 June 2021, the 3.5% rate does not apply.

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Tax Card 2021/2022

 **hwb**

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INCOME TAX BANDS AND RATES

	2021/22	2020/21
Starting rate 0% on savings up to*	£5,000	£5,000
Basic rate band	£37,700	£37,500
Higher rate band	£37,701 - £150,000	£37,501 - £150,000
Additional rate band	Over £150,000	Over £150,000
Basic rate band	20%	20%
Higher rate band	40%	40%
Additional rate band	45%	45%
Dividend basic rate	7.5%	7.5%
Dividend higher rate	32.5%	32.5%
Dividend additional rate	38.1%	38.1%

* The starting rate does not apply if taxable income exceeds the starting rate limit.

INCOME TAX ALLOWANCES

	2021/22	2020/21	
Personal allowance*	£12,570	£12,500	
Personal savings allowance	Basic rate taxpayer	£1,000	£1,000
	Higher rate taxpayer	£500	£500
	Additional rate taxpayer	£0	£0
Dividend allowance at 0%	£2,000	£2,000	
Marriage/civil partner transferable allowance**	£1,260	£1,250	
Trading/property allowance***	£1,000	£1,000	
Rent-a-room allowance	£7,500	£7,500	
Blind person's allowance	£2,520	£2,500	

* The personal allowance is reduced by £1 for each £2 of income from £100,000 to £125,140.

** Any unused personal allowance may be transferred to a spouse or civil partner, where the recipient is not liable to higher or additional-rate tax.

*** Landlords and traders with gross income from each of these sources in excess of £1,000 can deduct the allowance from their gross income as an alternative to claiming expenses.

Income tax in Scotland

Band	2021/22		2020/21	
	Taxable Income	Rate	Taxable Income	Rate
Starter*	£12,571 - £14,667	19%	£12,501 - £14,585	19%
Basic	£14,668 - £25,296	20%	£14,586 - £25,158	20%
Intermediate	£25,297 - £43,662	21%	£25,159 - £43,430	21%
Higher**	£43,663 - £150,000	41%	£43,431 - £150,000	41%
Top**	Over £150,000	46%	Over £150,000	46%

* Assumes individual is in receipt of a personal allowance.

** The personal allowance is reduced by £1 for each £2 of income from £100,000 to £125,140.

VEHICLE AND FUEL BENEFITS IN KIND (BIK)

The taxable benefit-in-kind is calculated as a percentage of the car's UK list price. The percentage depends on the car's CO₂ emissions in grams per kilometre (g/km).

CO ₂ emissions (g/km)	Electric range (miles)	Cars reg'd before 6 April 2020*	Cars reg'd on or after 6 April 2020*
0	N/A	1%	1%
1 - 50	130 and over	2%	1%
1 - 50	70 - 129	5%	4%
1 - 50	40 - 69	8%	7%
1 - 50	30 - 39	12%	11%
1 - 50	Under 30	14%	13%
51 - 54	N/A	15%	14%
Over 54	N/A	+1% every 5g/km up to 37%	+1% every 5g/km up to 37%

* Diesel vehicles not meeting the RDE2 standard will be liable to a 4% surcharge, up to a maximum of 37%.

The list price is on the day before first registration, including most accessories, and is reduced by any employee's capital contribution (max £5,000) when the car is first made available. Where the cost of all fuel for private use is borne by the employee, the fuel benefit is nil. Otherwise, the fuel benefit is calculated by applying the car benefit percentage to the car fuel benefit multiplier (below).

Company car fuel	2021/22	2020/21
Car fuel benefit multiplier	£24,600	£24,500
Company vans*		
Van benefit charge	£3,500	£3,490
Van fuel benefit charge	£669	£666

* Applies where private use is more than home-to-work travel. Payments by employees for private use may reduce these benefits-in-kind. Zero-emission vans have a benefit value of £0 (£2,792 in 2020/21).

TAX-FREE MILEAGE ALLOWANCES

Car and vans incl. electric vehicles	First 10,000 business miles	45p
	Thereafter	25p
Motorcycles		24p
Bicycles		20p
Business passenger		5p

The tax-free business mileage allowance rates apply for qualifying business journeys incurred by employees using their own vehicles over the course of the tax year. For National Insurance purposes, a 45p rate might apply for all business miles incurred by cars and vans.

CAPITAL GAINS TAX (CGT)

		2021/22	2020/21
Main rates	Individual basic-rate	10%	10%
	Individual above basic-rate	20%	20%
	Trusts and estates	20%	20%
Surcharge - for gains on chargeable residential property and carried interest		8%	8%
Annual exemption	Individuals	£12,300	£12,300
	Trusts	£6,150	£6,150
Business asset disposal relief	Applicable rate	10%	10%
	Lifetime limit	£1m	£1m
Investors' Relief	Applicable rate	10%	10%
	Lifetime limit	£10m	£10m

INHERITANCE TAX (IHT)

	2021/22	2020/21
Nil-rate band threshold*	£325,000	£325,000
Main residence nil-rate band**	£175,000	£175,000
Combined threshold limit for married couples and civil partners, including main residence nil-rate band	£1m	£1m
Business property relief and agricultural property relief	50% or 100%	50% or 100%

* Up to 100% of any unused part of a deceased person's nil-rate band can be claimed by the surviving spouse/civil partner on their death. This also applies to the main residence nil-rate band, albeit the main residence nil-rate is subject to the taper withdrawal below.

** For estates in excess of £2m, a 50% taper withdrawal applies to the excess.

■ Tax rates

	2021/22	2020/21
Main rate	40%	40%
Chargeable on lifetime transfers	20%	20%
Transfers on or within 7 years of death*	40%	40%
Reduced rate**	36%	36%

* All lifetime transfers not covered by exemptions and made within seven years of death will be added back into the estate for the purposes of calculating the tax payable. This may then be reduced as shown in the table below.

** Applies if 10% or more of net chargeable estate is left to certain registered charities.

Years before death	0 - 3	3 - 4	4 - 5	5 - 6	6 - 7
Tax reduced by	0%	20%	40%	60%	80%

TAX EFFICIENT INVESTMENTS

Annual investment limit	2021/22	2020/21
ISA	£20,000	20,000
Lifetime ISA*	£4,000	£4,000
Help-to-buy ISA (existing savers only)	Up to £200 a month	
Junior ISA and child trust fund	£9,000	£9,000
Venture capital trust at 30%	£200,000	£200,000
Enterprise investment scheme at 30%**	£1m	£1m
Seed EIS (SEIS) at 50%	£100,000	£100,000
Social investment tax relief at 30%	£1m	£1m

* Reduces ISA limit by amount invested in Lifetime ISA.

** Up to £2m in a knowledge-intensive company.

REGISTERED PENSIONS

	2021/22	2020/21
Lifetime allowance limit	£1,073,100	£1,073,100
Money purchase annual allowance	£4,000	£4,000
Annual allowance limit*	£40,000	£40,000
Minimum age for accessing benefits	55	55
Maximum tax-free pension lump sum	25% of pension fund value	

* Tapered at a rate of 50% of excess income down to £4,000 if threshold income over £200,000 and adjusted income over £240,000. Restrictions can apply based on net-relevant earnings.

Subject to certain conditions, the unused amount of the annual allowance can be carried forward up to three years and used once the current year annual allowance has been fully utilised.

STAMP DUTY

Consideration on shares over £1,000	0.5%
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IMPORTANT NOTICE

These rates and allowances are based on Budget 2021 announcements made by the UK and Northern Ireland, Scottish and Welsh Governments and are for information only.

All information is subject to change before 6 April 2021 and confirmation by the respective governments. The above must not be considered advice and no warranty is given for the accuracy or completeness of the details. Professional advice should be sought before making any decisions.

Rates apply to the UK and Northern Ireland unless stated otherwise.